

TO: Distribution

DATE: January 23, 1995

FROM: Marketing Information &amp; Analysis / Jennifer Lichtman

SUBJECT: Nielsen Retail Pricing Update - 1/14/95 (week ending)SUMMARY

- The average pack price gap increased +1¢ to 56¢ or 42.4.
- Basic's price disadvantage with the Lowest Discount brand decreased to 78% of C-stores.
- <99¢ activity increased slightly to 15% of C-stores.
- Montclair and Misty money-off promotional support continued to decline.

KEY FINDINGSPrices and Gaps

- In **C-stores**, Marlboro's average price decreased -1¢, offsetting the prior week's increase. The average Lowest Discount pack price decreased -2¢ as money-off promotional support increased on GPC and Doral. The resulting price gap widened +1¢ to 56¢ or 42.4%.

Regionally, the weekly price gap increased the most in Region 1 as increased money-off support, primarily on GPC, lowered the average Lowest Discount price. However, on a four week basis, price gaps remained below four week-ago levels in all Regions (driven primarily by the Marlboro Holiday Bonus).

|      |        |        |        |       | Chg. vs. WAGO |       | 4WK. vs. 4WAGO |       |
|------|--------|--------|--------|-------|---------------|-------|----------------|-------|
|      | LOWEST |        |        |       |               |       |                |       |
|      | MARL   | DISC   | \$ GAP | % GAP | \$ GAP        | % GAP | \$ GAP         | % GAP |
| NTNL | \$1.88 | \$1.32 | \$0.56 | 42.4% | \$0.01        | 1.4   | -\$0.04        | -2.8  |
| R1   | \$2.05 | \$1.50 | \$0.55 | 36.7% | \$0.05        | 4.0   | -\$0.04        | -2.7  |
| R2   | \$1.72 | \$1.18 | \$0.54 | 45.8% | -\$0.01       | -0.8  | -\$0.02        | -1.3  |
| R3   | \$1.87 | \$1.31 | \$0.56 | 42.7% | \$0.00        | -0.4  | -\$0.03        | -2.4  |
| R4   | \$1.80 | \$1.28 | \$0.52 | 40.6% | \$0.03        | 3.2   | -\$0.06        | -4.5  |
| R5   | \$2.06 | \$1.40 | \$0.66 | 47.1% | \$0.01        | 1.0   | -\$0.02        | -2.1  |

- In **Supermarkets**, Marlboro's average carton price remained relatively stable (+8¢) while the average Lowest Discount carton price increased +17¢ as average prices on RJR P/L's, Basic, Misty, GPC, and Doral increased week to week. The resulting price gap decreased -9¢ to \$4.80 or 41.7%.

Regionally, the price gap decreased the most in Regions 3, 4 and 5, partially offsetting the prior week's gain, as the average Lowest Discount price increased.

|      |         |         |        |       | Chg. vs. WAGO |       | 4WK. vs. 4WAGO |       |
|------|---------|---------|--------|-------|---------------|-------|----------------|-------|
|      | LOWEST  |         |        |       |               |       |                |       |
|      | MARL    | DISC    | \$ GAP | % GAP | \$ GAP        | % GAP | \$ GAP         | % GAP |
| NTNL | \$16.31 | \$11.51 | \$4.80 | 41.7% | -\$0.09       | -1.4  | -\$0.08        | -0.4  |
| R1   | \$17.74 | \$13.27 | \$4.47 | 33.7% | \$0.26        | 2.2   | -\$0.19        | -1.5  |
| R2   | \$14.27 | \$9.82  | \$4.45 | 45.3% | -\$0.07       | -1.2  | -\$0.15        | -1.2  |
| R3   | \$16.05 | \$10.89 | \$5.16 | 47.4% | -\$0.15       | -2.5  | \$0.13         | 2.0   |
| R4   | \$16.70 | \$12.17 | \$4.53 | 37.2% | -\$0.24       | -3.4  | -\$0.25        | -2.1  |
| R5   | \$17.84 | \$12.49 | \$5.35 | 42.8% | -\$0.19       | -2.2  | \$0.01         | 0.2   |

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### Basic's Price Disadvantage

- In **C-stores**, incidence of Basic's price disadvantage ( $>10\text{¢}$ ) with the Lowest Discount brand decreased to 78%, offsetting the prior week's increase, as incidence of Basic's disadvantage with Misty and Montclair declined -7 points to 25% and -10 points to 35% of stores, respectively, due to reduced Misty and Montclair money-off promotional support.

Basic's price disadvantage with GPC declined to 58% of stores, despite increased GPC money-off promotional support, as Basic's average price declined in stores where both Basic and GPC are in distribution.

Basic's price disadvantage with Doral remained relatively stable at 39% despite increased Doral money-off support (+1 point to 39% of stores).

|                       | % STRS<br>> 10¢ | CHG VS<br>LAST | 4WK VS<br>4WAGO | AVG PRC<br>DIFF | CHG VS<br>LAST | 4WK VS<br>4WAGO |
|-----------------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|
| BASIC vs. LOWEST DISC | 78.0%           | -1.4           | -0.7            | \$0.30          | \$0.00         | \$0.00          |
| BASIC vs. GPC         | 58.3%           | -1.0           | 0.8             | \$0.24          | \$0.01         | \$0.00          |
| BASIC vs. RJR PL      | 79.3%           | -2.8           | 5.3             | \$0.34          | -\$0.01        | \$0.00          |
| BASIC vs. DORAL       | 38.5%           | -0.6           | -1.7            | \$0.24          | \$0.01         | \$0.00          |

- In **Supermarkets**, incidence of Basic's price disadvantage ( $>\$1$ ) with the Lowest Discount brand remained stable at 86% of stores as incidence of Basic's disadvantage with Misty declined, offsetting Basic's increased disadvantage with GPC and Doral.

Basic's disadvantage with GPC increased +4 points to 62% of stores as money-off promotions on GPC increased +1 point to 55% of Supermarkets.

Basic's disadvantage with Doral increased +3 points to 47% of stores, partially offsetting the prior week's decrease, as money-off promotional support on Doral increased +4 points to 51% of Supermarkets.

|                       | % STRS<br>> \$1.00 | CHG VS<br>LAST | 4WK VS<br>4WAGO | AVG PRC<br>DIFF | CHG VS<br>LAST | 4WK VS<br>4WAGO |
|-----------------------|--------------------|----------------|-----------------|-----------------|----------------|-----------------|
| BASIC vs. LOWEST DISC | 86.0%              | 0.3            | 0.7             | \$2.67          | -\$0.02        | \$0.07          |
| BASIC vs. GPC         | 62.0%              | 3.8            | 3.1             | \$2.17          | \$0.04         | \$0.07          |
| BASIC vs. RJR PL      | 71.7%              | 0.7            | 0.6             | \$2.52          | -\$0.10        | \$0.09          |
| BASIC vs. DORAL       | 47.1%              | 2.6            | 0.2             | \$2.13          | -\$0.04        | -\$0.01         |

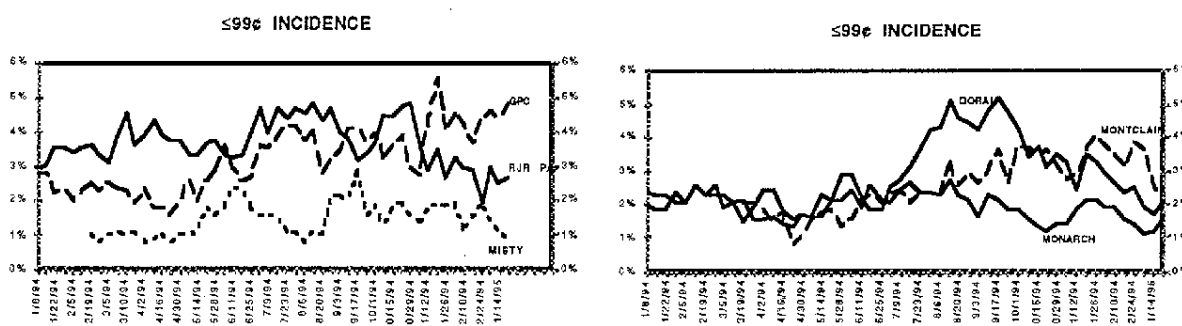
### <99¢ Incidence

- $\leq 99\text{¢}$  incidence increased to 15%, offsetting the prior week's decrease. On a one week basis, incidence increased the most in Region 5 as Doral, Best Value, and Liggett P/L's gained incidence at this price point.

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|      | ≤99¢  | Chg. vs.<br>WAGO | 4WK. vs.<br>4WAGO |
|------|-------|------------------|-------------------|
| NTNL | 15.4% | 1.2              | -0.3              |
| R1   | 2.9%  | 1.4              | 0.3               |
| R2   | 25.6% | 1.8              | 1.3               |
| R3   | 11.3% | -1.0             | -0.6              |
| R4   | 25.9% | -0.4             | -0.5              |
| R5   | 4.9%  | 3.3              | -1.7              |

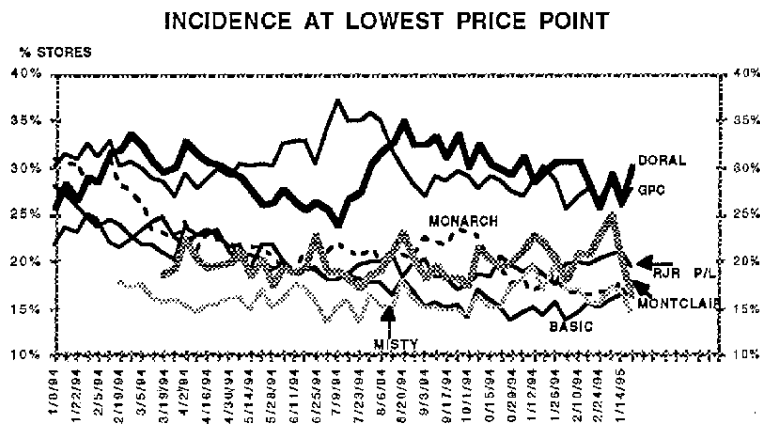
- Nationally, Misty and Montclair lost incidence at or below 99¢ as money-off promotional support on both brands fell -5 and -6 points, respectively. Doral and Monarch's incidence increased, while GPC's incidence remained unchanged.



#### Lowest Price Point - C-stores

- Montclair's incidence at the lowest price point decreased -4 points for the week and -9 points over the past two weeks to 16% of C-stores as money-off promotional support on the brand declined. Misty's incidence at the lowest price point declined -2 points versus week-ago to 15% of stores as promotional support on Misty declined.

Doral and GPC each gained incidence at the lowest price point, however, Doral surpassed GPC as the widest available brand at the lowest price point.



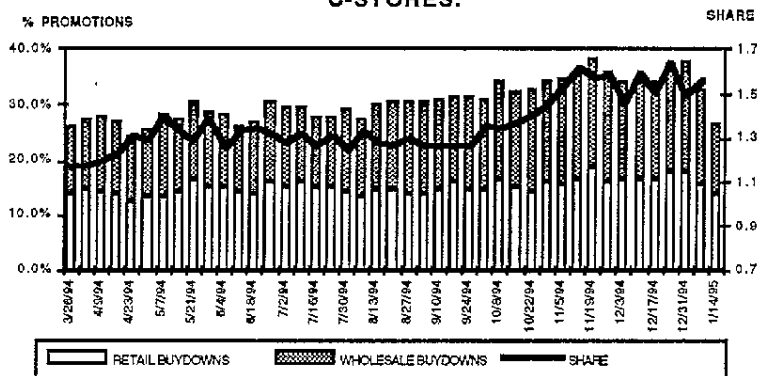
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### Emerging Trends

- During the second week of combined B&W/American activity, promotional support on **Montclair** continued to decline. In C-stores, total money-off support declined -6.3 points for the week (-10.2 points over the past 2 weeks) to 25.7% of stores, its lowest level since w/e 4/30/94, with the average per pack price reduction unchanged at 22¢. Over the past two weeks, wholesale buy downs fell nearly twice as much as retail buy downs (-7 and -4 points, respectively).

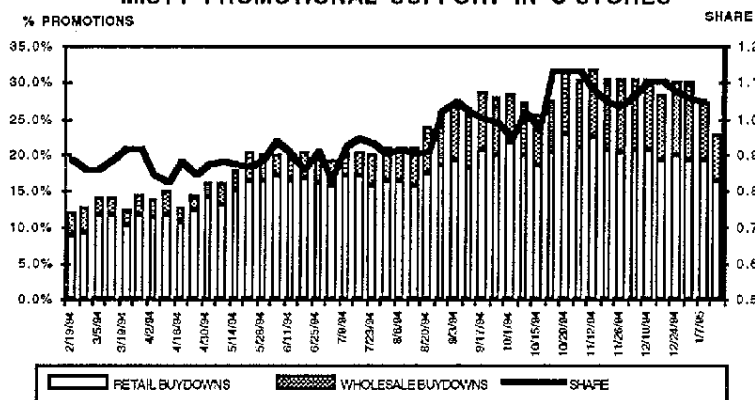
In Supermarkets, Montclair's total money-off promotional activity declined -0.8 points for the week (-4.9 points over the past 2 weeks) to 37.3% of stores.

**MONTCLAIR PROMOTIONAL SUPPORT  
C-STORES.**



- During the second week of combined B&W/American activity, promotional support on **Misty** continued its decline. In C-stores, total money-off support declined -4.8 points for the week (-7.0 points over the past 2 weeks) to 22.5% of stores, its lowest level since w/e 8/13/94, with the average per pack price reduction down -1¢ to 20¢. Over the past two weeks, retail and wholesale buy downs fell proportionately.

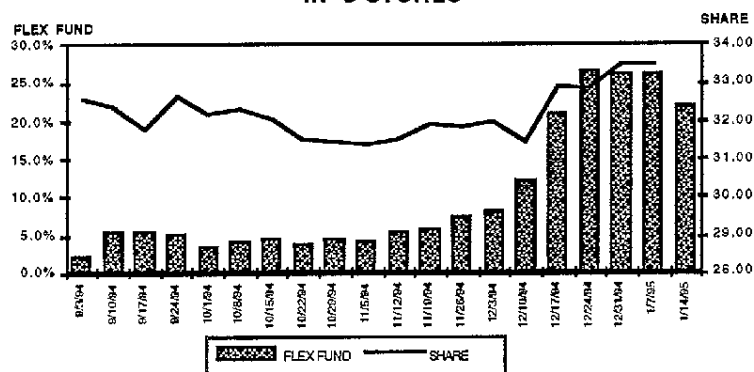
**MISTY PROMOTIONAL SUPPORT IN C-STORES**



- Marlboro flex fund activity decreased -4 points to 22% of C-stores, with an average per pack price reduction of 24¢ (down -1¢ from last week).

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# MARLBORO FLEX FUND INCIDENCE AND SHARE IN C-STORES



## Distribution:

C. Abbruscato  
R. Anise  
M. Anton  
K. Beeson  
D. Beran  
D. Berenson  
G. Bible  
G. Blumenson  
D. Burrows  
J. Braun  
F. Caldwell  
W. Campbell  
R. Caricofe  
J. Chaump  
C. Cohen  
K. Compton  
N. Conrad  
G. D'Allesandro  
J. deCastro  
P. Dodd  
C. Enger  
P. Fernandez  
R. Ferrin  
S. Fuller  
L. Funness

G. Galanti-Bennis  
T. Garguilo  
E. Gawronski  
E. Gee  
A. Goldfarb  
M. Gordon  
M. Grande  
J. Greene  
P. Hahn  
H. Harwood  
P. Henriques  
D. Himmel  
S. Jannetta  
C. Johnson  
M. Joyce  
S. Kirkman  
L. Larkins  
K. Leger  
S. LeVan  
C. Levy  
A. Lewis  
H. Long  
S. Love

L. Lubrano  
N. Lund  
M. Mahan  
P. McCarthy  
K. McEncroe  
T. McGovern  
S. Medakkar  
R. Mikulay  
S. Minagawa  
D. Moore  
J. Morgan  
J. Mortenson  
M. Murphy  
B. Neidle  
J. Nelson  
N. Nicholes  
C. Norrington  
P. Paoli  
B. Piccolino  
S. Piskor  
S. Pollard  
D. Potter  
S. Rafferty

T. Resman  
S. Rush  
J. Ryder  
T. Saloun  
M. Salzman  
E. Schneidman  
M. Schroeder  
B. Schuyler  
A. Schwartz  
B. Shah  
A. Sinha  
W. Smith  
N. Suter  
M. Szymanczyk  
D. Tapscott  
L. Theaman  
C. Tucker  
B. Weinstein  
L. Wexler  
K. Winkler

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